



General Assembly

January Session, 2005

Raised Bill No. 1256

LCO No. 4251

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Referred to Committee on General Law

Introduced by:
(GL)

***AN ACT CONCERNING THE DEFINITION OF "CHAIN STORE" FOR
PURPOSES OF CERTAIN CIGARETTE TAX STATUTES.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subsection (a) of section 12-286 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (a) (1) The commissioner shall, after May 25, 1994, require for an
5 initial application for a distributor's license, in addition to such other
6 information deemed to be necessary, the filing of three affidavits from
7 three recognized manufacturers of cigarettes stating such
8 manufacturers' intent to supply the distributor if the applicant is
9 granted a license. A chain store shall be exempt from filing such
10 affidavits. Any pending application on May 25, 1994, and any person
11 purchasing the business of a licensed distributor shall be exempt from
12 filing such affidavits. For purposes of this subsection, "chain store"
13 means the operator [or franchisor] of five or more retail establishments
14 with common ownership and control.

15 (2) The commissioner may make public a list of recognized

16 manufacturers of cigarettes.

17 Sec. 2. Subsection (a) of section 12-326a of the general statutes is
18 repealed and the following is substituted in lieu thereof (*Effective July*
19 *1, 2005*):

20 (a) As used in sections 12-326a to 12-326h, inclusive, (1) "stamping
21 agent" means a licensed distributor other than a buying pool, who
22 purchases cigarettes at wholesale from manufacturers or other
23 distributors for sale to licensed dealers and who maintains an
24 established place of business, including a location used exclusively for
25 such business, which has facilities in which a substantial stock of
26 cigarettes and related merchandise for resale can be kept at all times,
27 and who sells at least seventy-five per cent of such cigarettes to
28 retailers who, at no time, shall own any interest in the business of the
29 distributor as a partner, stockholder or trustee; (2) "subjobber" means a
30 licensed distributor who purchases stamped cigarettes at wholesale for
31 sale to licensed dealers who, at no time, shall own any interest in the
32 business of the distributor as a partner, stockholder or trustee; (3)
33 "chain store" means a licensed distributor (A) operating [or
34 franchising] five or more retail stores with common ownership and
35 control in this state for the sale of cigarettes who purchases cigarettes
36 at wholesale either from another distributor or direct from the
37 manufacturer for sale to dealers but sells such cigarettes exclusively in
38 or to retail stores such person is operating or franchising or (B)
39 operating and servicing twenty-five or more cigarette vending
40 machines in this state who buys such cigarettes at wholesale and sells
41 them exclusively in such vending machines; (4) "cost" means the basic
42 cost of cigarettes plus the cost of doing business; (5) "basic cost of
43 cigarettes" means (A) the lower of (i) the invoice cost of the cigarettes
44 to the distributor or dealer, as the case may be, or (ii) the replacement
45 cost in the quantity last purchased, plus (B) the full face value of any
46 stamps which may be required by this chapter, if not already included
47 in the invoice cost, minus (C) all trade discounts, if any, other than
48 cash discounts; (6) "cost of doing business" means the costs, as

49 computed for federal income tax purposes, that are related to the sale
50 of cigarettes, including but not limited to labor costs, including salaries
51 of executives and officers, rent, depreciation, selling costs, maintenance
52 of equipment, delivery costs, interest, licenses, taxes, insurance,
53 advertising, preopening expenses and any central and regional
54 administrative expenses, expressed as a percentage of the basic cost of
55 cigarettes and applied thereto. In applying such percentage to the basic
56 cost of cigarettes, any fractional part of a cent equal to one-tenth or
57 more of one cent per carton of ten packages of cigarettes shall be
58 rounded to the next higher cent.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2005	12-286(a)
Sec. 2	July 1, 2005	12-326a(a)

Section 1	July 1, 2005	12-286(a)
Sec. 2	July 1, 2005	12-326a(a)

Statement of Purpose:

To change the definition of "chain stores" as it pertains to certain cigarette tax statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]